

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 6776

Tariff filing of Washington Electric)
Cooperative, Inc. re: proposed revisions to WEC)
Policy No. 9, Member/Consumer Deposits, to)
take effect November 15, 2002)

Order entered: 2/21/2003

REPORT AND RECOMMENDATION

I. BACKGROUND

On September 18, 2002, Washington Electric Cooperative, Inc. ("WEC") filed a revised WEC Policy Bulletin No. 9, an amendment to its tariff ("the September tariff amendment").¹ This tariff amendment modified WEC's policy concerning customer deposits that might be required of those who already are, or have previously been, members of WEC.

On October 31, 2002, the Vermont Department of Public Service ("Department") filed a recommendation that the Vermont Public Service Board ("Board") reject the September tariff amendment.²

On November 7, 2002, the Board issued an Order suspending WEC's tariff filing, and appointed me, Judith M. Kasper, hearing officer in this docket.

On November 19, 2002, a prehearing conference in this matter was held.

1. The September 18, 2002, filing modified the existing WEC Policy Bulletin No. 9, effective December 7, 1987. *See*, Letter of Susan M. Hudson, October 1, 2002.

2. Letter of Christine Salembier, October 31, 2001.

On December 3, 2002, WEC filed a different revision of WEC Policy Bulletin No. 9 ("the December tariff amendment"), and requested Board approval for this tariff amendment.³ WEC also stated that it had been authorized to represent that the Department was in agreement with the December tariff amendment, and that the matter had been resolved to their mutual satisfaction.⁴

II. DISCUSSION

The September tariff amendment would have authorized WEC to require a current or former WEC customer to pay a deposit prior to initiation of new or transferred service, if that customer had established a history of poor credit with WEC. The Department asserted that this proposed policy contravened the requirements of Public Service Board Rule 3.200, in particular Public Service Board Rule 3.203 ("Rule 3.203"), which provides in pertinent part:

Utilities and cable companies shall limit collection of deposits for service to *primary residences* [emphasis added] to situations where the applicant or existing customer presents a credit risk. Existing customers may be required to pay a deposit only after they have been disconnected for non-payment of valid charges, pursuant to PSB Rule 3.300. Utilities and cable television companies may collect a deposit in the absence of proof from an applicant of creditworthiness.

Applicants can show proof of their creditworthiness with one of the following:

- (1) a reference from a bank indicating that the applicant has had an active checking account for at least one year and has had no account that has been overdrawn within the last year;
- (2) a letter from one or more utilities or cable television companies within or outside of the state of Vermont indicating that the customer has maintained a good credit record for the past two years;
- (3) a written statement from a creditworthy customer guaranteeing payment; or
- (4) other reasonable demonstrations of creditworthiness.

The Department asserted that the September tariff amendment (which would allow WEC to require customer deposits based solely on credit history with WEC), was inconsistent with Rule 3.203 because, with respect to service to a primary residence, that rule imposes a deposit requirement upon existing electric service customers only when they are disconnected by the

3. Letter of Avram Patt, December 2, 2002, p. 1.

4. *Id.*

utility. The Department further asserted that the September tariff amendment was flawed because, under Rule 3.203, a customer seeking service to a primary residence is entitled to establish his or her creditworthiness by specified means, none of which implicate the customer's individual history with the particular utility from whom service is being sought.⁵

Notwithstanding the agreement by the Department and WEC that the December tariff amendment is consistent with Rule 3.200, WEC responded to the Department's reading of Rule 3.200:

WEC believes that it should not have to accept other forms of creditworthiness when its own history with the former member demonstrates that this person represents a credit risk . . . After discussion with the Department, WEC has chosen not to press the matter [about] allowing a utility to consider its own credit history in this docket. However, we believe that Rule 3.200 is probably flawed in this regard. WEC may, at a future time and separate from this proceeding, request that the Board consider amending the Rule to address this specific issue.⁶

The December tariff amendment does not give rise to the same concerns raised by the September tariff filing because the December tariff filing does not authorize WEC to require a deposit from a customer, for service to a primary residence, based on the customer's current or past credit relationships with WEC. The December tariff amendment does authorize WEC to require a deposit from existing customers for service to a *secondary connection*, if they have established a history of poor credit with WEC. However, the December tariff amendment enables WEC customers seeking service for their primary residence to show proof of their creditworthiness by the same means as those set forth in Rule 3.203.⁷

Rule 3.203 provides utilities with some protection against customers who pose credit risks, and it is reasonable for a utility to be cautious about furnishing more than the minimum required service to customers with whom it already has had credit problems. WEC's December tariff amendment addresses this concern by authorizing WEC to consider a customer's credit

5. Letter of Christine Salembier, October 31, 2001.

6. Letter of Avram Patt, December 2, 2002, p. 1.

7. WEC Policy Bulletin No. 9 filed December 3, 2002, at pp. 1-2.

history at WEC before providing a secondary connection. Moreover, Rule 3.203 speaks only to deposit requirements for service to a primary residence: it does not prohibit utilities from imposing different requirements pertaining to customer creditworthiness when something other than primary residence service is sought. Therefore, I conclude that WEC's December tariff amendment is consistent with the provisions of Rule 3.203.

III. CONCLUSION AND RECOMMENDATION

I have reviewed WEC Policy Bulletin No. 9 filed on December 3, 2002, and I conclude that it is consistent with the provisions of Public Service Board Rule 3.200 concerning ratepayer deposits for electric service. WEC has requested Board approval of this tariff amendment, and the Department does not object to such approval. Therefore, I recommend that the Board approve WEC Policy Bulletin No. 9 filed on December 3, 2002.

The foregoing is reported to the Board in accordance with the provisions of 30 V.S.A. § 8.

The parties have waived distribution of the Proposal for Decision, pursuant to 3 V.S.A. § 811.

Dated at Montpelier, Vermont, this 19th day of February, 2003.

s/Judith M. Kasper
Judith M. Kasper
Hearing Officer

IV. ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. The report and recommendation of the Hearing Officer is adopted.
2. Washington Electric Cooperative, Inc. Policy Bulletin No. 9, filed December 3, 2002, is approved.
3. This docket shall be closed.

Dated at Montpelier, Vermont, this 21st day of February, 2003.

<u>s/Michael H. Dworkin</u>)	
)	PUBLIC SERVICE
)	
<u>s/David C. Coen</u>)	BOARD
)	
)	OF VERMONT
<u>s/John D. Burke</u>)	

OFFICE OF THE CLERK

FILED: February 21, 2003

ATTEST: s/Susan M. Hudson

Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: Clerk@psb.state.vt.us)

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.